Risk & Risk Mitigation

Cairo Training/Workshop 2/5-9/2012

Where Are the Risks?

1. Risk to U.S. Government

A. Responsible to U.S. taxpayers & Congress ✔

- **Fiduciary** -- Proper use of funds and assistance (hard to detect corruption)
- **Accountability for Results** – Need reasonable expectations (tolerate failure)
- **Political** – Human rights, undue/unwanted affiliations

B. Must achieve what we set out to do (sustainable development)

- **Select & support appropriate grantee --** Right actor, with necessary knowledge & capacity, for delivery of "significant" and "sustainable" development outcomes/systemic change

C. Must not undermine credibility of U.S., USAID ✔

- **Favoritism**
- **Nepotism**
- **Conflict of Interest**
- **Fraud – kickbacks**
- **Bribery**
- **Terrorism**

2) Risk to local organization

A. Distortion of organization's "Mission" due to donor-focus

B. Program goals may not be achieved due to unrealistic targets and unrealistic timeframes ✔

C. Problems with program sustainability

DGP Evaluation & Experience Show-

Missions tend to:

1. Occasionally ignore the development context in selecting grantees
2. Disregard local provider T&TA support for their programs
3. Focus on financial management, general criteria, timelines and deliverables, and not on grantee capacity to sustain earlier programs or do good development work
4. Only strengthen organizational capacities of grantees to work with USAID
5. Find that working with local NGOs requires extensive monitoring and can take more time
6. Underestimate the level of program support needed

Grantees:

1. Can be naïve in their expectations (reach for high numbers of clients and beneficiaries)

2. Try to do a little of everything, much of it not of high quality (in an effort to meet as many donor desires as possible)

3. Plan unrealistic projects and budgets

4. Implement projects that are too short term for success

5. Are unaware of development lessons learned in the past and are out of touch

6. Focus on the framework indicators and not on the quality of development interventions (emphasis on counting is masking subjectivity for objectivity)

7. Do not take account of context for development (for example, lack of market, cultural mores or political environment)

8. Have different levels of organizational capacity (for working with USAID and for effective development work) and require tailored capacity building support

Suggestions for Risk Mitigation --

- **Map larger development context and local assets for sustained T&TA and other support**

- **Consider position of grantee as catalyst in development and ensure that the right targets benefit**

- **Reach out to identify and select grantees and local providers**

- **Identify appropriate leadership (ensure the right actor will drive the train)**

- **Advise grantees about feasibility and sustainability before they get the grant**

- **Assist applicants to really think through their program design and their budget needs**

- **Use appropriate Acquisition and Assistance mechanisms to support local initiatives**

- **Dedicate sufficient support (both human and financial)**

- **Coordinate between Program, Technical, Procurement and Financial Management Offices, and as necessary with other Offices**

When it comes to "Risk" remember:

1. Risk comprises a very broad category

2. Risk is inherent in all work

3. Risk can be managed but never eliminated